

Congress of the United States
Washington, DC 20515

October 15, 2003

The Honorable Arnold Schwarzenegger
Governor-elect
State of California
Sacramento, California

Dear Governor-elect Schwarzenegger:

Congratulations on your election. As you prepare to assume the governorship of California, your meeting with President George W. Bush this week affords you a critical opportunity to secure the support of his Administration and the Republican-led Congress to meet our state's urgent needs.

We are all aware of the serious budget crisis California faces, one that will deepen by an estimated \$4.2 billion if the vehicle license fee is repealed, as you have pledged to do. California's deficit is made substantially worse because the Bush Administration and the Republican-led Congress have failed to provide an adequate level of funding for a host of programs and mandates that current law allows and that our state desperately needs. With the federal assistance California needs and deserves, there is hope of meeting the state's needs and reducing the historic deficit.

In your first speech as Governor-elect, you pledged to seek greater support from the Bush Administration. Although a White House spokesman last week rejected your request, we hope that you would use the opportunity of meeting with President Bush this week to renew your call for substantial federal assistance to our state. In addition, we hope you would intervene with Republican Congressional leaders to help resolve education, energy, health, immigration, transportation and other issues to the benefit of California, in particular by adjusting appropriations bills to meet current needs and by freeing long-delayed legislation for consideration by the full House.

The following are highlights of policy areas that California's Democrats in Congress have long championed and that your efforts with President Bush could help in bringing budgetary relief to the residents of our state.

Education / Children

- *Head Start:* President's Bush's FY04 budget only provides an overall \$148 million increase for the Head Start program (for a total funding level of \$6.816 billion). However, in FY04 California alone needs an additional \$500 million (beyond the \$817 million it receives this year) in order fund all 166,000 California children eligible for Head Start.
- *Elementary and Secondary Education:* California is being shortchanged by the federal government approximately \$700 million for elementary and secondary education,

- including the No Child Left Behind Act. Title I, which helps high poverty schools improve reading and math skills of disadvantaged children, is shortchanged \$900 million in FY04.
- *After school funding*: No program has received more attention from the Governor-elect than after school programs. Yet under the pending appropriations bill, California will lose approximately \$107 million in FY04 funding, meaning that more than 150,000 California children will be denied the safety of a quality, supervised after-school activity.
- *Teacher Training*: California stands to lose \$47 million in funding to improve teacher quality because of the failure of the Bush Administration and Congress to fund this critical component of the No Child Left Behind Act.
- *IDEA*: Failure of the Administration and Congress to fully fund the Individuals with Disabilities Education Act (IDEA) means that California is \$1 billion short for FY 2004 in funding special education services.
- *Child Care*: President Bush's FY04 budget included \$4.8 million for this program, the same amount as in FY02 and FY03. With no increase in funding, it means 3,500 families in California will lose their child care subsidies while the state's waiting list is nearly 300,000 children.
- *Welfare Reform*: The extension of welfare reform passed by the House requires California to increase its funding by \$2.5 billion over the next 5 years while providing only \$1 billion over 5 years to all 50 states to help with the added costs.

Environment / Energy

- *Secure Energy Refunds*: Persuade the Federal Energy Regulatory Commission to pressure energy companies to refund \$9 billion in costs improperly charged to Californians.
- *Energy Bill*: Modify portions of the pending energy legislation that could impact California, including-

Offshore Oil Development - Remove any provision ordering an inventory of offshore oil and gas resources, including those on the California coast despite existing drilling moratoria.

Eliminate Ethanol Subsidies - Delete requirement that California motorists subsidize Midwestern ethanol producers to the tune of hundreds of millions of dollars, even those Californians will not use the ethanol.

Electricity Reform - Include strong provisions against energy market manipulation, which cost California consumers \$9 billion in 2000-2001

Nuclear Power Development - Remove provisions encouraging new nuclear reactors in California.

- *Water projects:* Encourage the Bush Administration to -

CALFED program – Fully fund it at \$4.3 billion over seven years.

Title XVI – Provide the \$500 million federal share for construction of water recycling and reclamation projects to help local California communities expand supplies and enact drought proof measures in water-short areas.

Drinking water – Ensure adequate water quality from the Colorado River for California by supporting at least \$6 million in FY04 for reclamation of polluted sites such as the uranium tailings pile in Moab, Utah and additional funds for the contaminated perchlorate plume site near Las Vegas, Nevada.

- *Wastewater treatment:* Support increased funding for secondary and advanced water treatment and replacement and rehabilitation of sewers, such as in the Transportation and Infrastructure Committee’s bill (H.R. 1560) under which California would get \$1.5 billion over the next 5 years.

Health Care

- *Medicare:* Prescription drug conferees should accept the Senate provision allowing states to fund emergency medical services for undocumented immigrants, saving the state’s taxpayers more than \$400 million a year.
- *Hospital Costs:* Urge acceptance of the House Medicare bill’s approach to addressing the cuts in the disproportionate share hospital program that costs 150 California hospitals more than \$184 million this year.

Immigration

- *State Criminal Alien Assistance Program:* Under the current formula this program should be budgeted at approximately \$800 million. California has traditionally received more than 40% of the funds for this program, however, the Bush Administration zeroed out this reimbursement money for state and local governments to partially cover the cost of incarcerating undocumented aliens in its FY04 budget. California also needs the Bush Administration to drop its efforts to eliminate reimbursement funds for criminal aliens whose status is “unverifiable” and also devise a way in which states can be reimbursed for the costs of incarcerating criminal aliens who are charged but convicted in different fiscal years.

Transportation

- *TEA-21 reauthorization:* The Bush Administrations plan is about a third lower than the House and Senate budget resolutions, which will shortchange California approximately \$10 billion dollars in highway and transit funding. At a time when 59% of California’s urban highways are congested, and vehicle miles on California’s roads increased 97% between 1980-2000, this is unacceptable.

- *Amtrak*: The Bush Administration's budget proposal underfunds Amtrak by \$900 million and would greatly degrade its operations in California, affecting more than 100,000 passengers who ride 60 intercity and over 300 commuter trains daily. We urge \$1.8 billion in funding for the Amtrak system so that California can meet its rail needs.

There are additional policies and programs where your intervention with the President could result in substantial benefit to the resident of California. We stand ready to work with you and your Administration in pursuit of these goals.

Sincerely,

A handwritten signature in blue ink that reads "George Miller". The signature is fluid and cursive, with the first name "George" being more prominent than the last name "Miller".

Rep. George Miller
Chair, Democratic Policy Committee

A handwritten signature in blue ink that reads "Zoe Lofgren". The signature is fluid and cursive, with the first name "Zoe" being more prominent than the last name "Lofgren".

Rep. Zoe Lofgren
Chair, California Democratic
Congressional Delegation